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Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**DECLARATION OF KENNETH S. ZIMAN
IN SUPPORT OF DEBTORS' MOTION
PURSUANT TO BANKRUPTCY CODE
SECTIONS 105(A) AND 107(B) AND
BANKRUPTCY RULE 9018 FOR ENTRY
OF AN ORDER AUTHORIZING (A) THE
FILING UNDER SEAL OF THE BRIDGE
FEE LETTERS AND (B) THE
REDACTION OF CERTAIN PORTIONS
OF THE DEBT FINANCING
ENGAGEMENT LETTERS**

[No Hearing Requested]

1 I, Kenneth S. Ziman, hereby declare under penalty of perjury as follows:

2 1. I am a Managing Director in the Restructuring Group of Lazard Frères & Co. LLC
3 (“**Lazard**”), an investment banking firm that has its principal office at 30 Rockefeller Plaza, New
4 York, New York 10112. I submit this declaration (the “**Declaration**”) in support of the *Debtors’*
5 *Motion Pursuant to Bankruptcy Code Sections 105(a) and 107(b) and Bankruptcy Rule 9018 for Entry*
6 *of an Order Authorizing (i) the Filing Under Seal of the Bridge Fee Letters and (ii) the Redaction of*
7 *Certain Portions of the Debt Financing Engagement Letters* (the “**Motion**”).¹

8 2. Lazard is a long-time advisor to PG&E Corporation (“**PG&E Corp.**”), and its primary
9 operating subsidiary, Pacific Gas and Electric Company (the “**Utility**”; together with PG&E Corp.,
10 “**PG&E**”, the “**Company**” or the “**Debtors**”), with the initial engagement for advisory services
11 starting in 2011. Since that time, Lazard has provided financial advisory and investment banking
12 services to PG&E Corp. with respect to a variety of matters, including, without limitation: analysis of
13 the financial condition of the Company, evaluation of potential transactions that the Company may
14 pursue, assessment of financing options, and shareholder advisory services. Given Lazard’s long
15 history with PG&E Corp., Lazard has significant familiarity and knowledge of the Debtors’ business,
16 operations, and financial challenges.

17 3. Lazard currently serves as advisor to the Debtors in their chapter 11 cases (the
18 “**Chapter 11 Cases**”). In such capacity, Lazard assists the Company in its assessment of the
19 Company’s ability to raise capital and its evaluation of the sources of financing required in order to
20 successfully emerge from Chapter 11.

21 4. PG&E’s Plan of Reorganization contemplates the incurrence of \$34.35 billion in senior
22 debt obligations (the “**New Debt**”), to, among other things, refinance pre-petition high-coupon Utility
23 bonds and fund the payment in full, in cash, of the Debtors’ obligations under their debtor-in-
24 possession financing facilities.

25 5. Following a competitive marketing process, PG&E entered into Bridge Commitment
26 Letters with certain money-center banks providing for senior 364-day bridge loan facilities (the

27 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to
28 such terms in the Motion.

1 “**Bridge Facilities**”)—in aggregate amounts of \$7.0 billion for PG&E Corp. and \$27.35 billion for
2 the Utility—to be funded on the Effective Date in the event the Debtors are otherwise unable to issue
3 sufficient New Debt. In connection with the Bridge Facilities, PG&E entered into fee letters (the
4 “**Bridge Fee Letters**”), which provide for the payment of certain fees associated with the Bridge
5 Facilities, and engagement letters (the “**Debt Financing Engagement Letters**”), which engage the
6 same banks to arrange the New Debt contemplated by the Plan of Reorganization.

7 6. The Bridge Fee Letters and certain portions of the Debt Financing Engagement Letters
8 sought to be redacted (the “**Redacted Portions**”) contain highly sensitive, confidential commercial
9 information about certain elements of the Initial Bridge Commitment Parties’ consideration for
10 providing the Bridge Facilities (including, in the case of the Bridge Fee Letters, the “market flex”
11 provisions) and arranging the New Debt. Both lenders and borrowers are typically wary of disclosing
12 fee arrangements in connection with financings, not only because disclosure could impact parties’
13 abilities to negotiate fees in the future, but also because the relationship among lenders and between
14 the borrower and certain lenders may be affected. Market flex terms are particularly sensitive as well,
15 as disclosure of these terms may impact the syndication process. As a result, fee letters in connection
16 with financing transactions are almost always structured to prevent disclosure to third parties without
17 the banks’ consent. Likewise, engagement letters are typically structured to prevent disclosure of fee
18 terms to third parties without the banks’ consent. In the bankruptcy context, lenders are typically more
19 willing to grant limited disclosure rights in recognition of debtors’ public disclosure obligations.

20 7. The Debt Financing Engagement Letters and the Bridge Fee Letters were the subject
21 of arms’-length, extensive and good-faith negotiations between PG&E and the Bridge Commitment
22 Parties, including with regards to PG&E’s confidentiality requirements under the Bridge Fee Letters
23 and the Debt Financing Engagement Letters. In recognition of the sensitive nature of this information,
24 PG&E agreed to redact the Redacted Portions from the Debt Financing Engagement Letters and to
25 seek to file the Bridge Fee Letters with this Court under seal. PG&E is permitted, however, to share
26 copies of the Bridge Fee Letters and the Redacted Portions of the Debt Financing Engagement Letters
27 with (i) the U.S. Trustee and (ii) advisors to the Official Committee of Unsecured Creditors, the
28

1 Official Committee of Tort Claimants and any other official committee established pursuant to section
2 1102 of the Bankruptcy Code on a confidential and professionals' eyes only basis.

3 *[Signature on next page]*
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1 I declare under penalty of perjury that, to the best of my knowledge and after reasonable
2 inquiry, the foregoing is true and correct.

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4 Dated: October 23, 2019

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6 /s/ Kenneth S. Ziman

7 Kenneth S. Ziman
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